

Welfare Reform in Pennsylvania

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Introduction

The Welfare Reform Act of 1982, also called Act 75, was signed into law on April 8, 1982 in the Commonwealth of Pennsylvania. The purpose of the Act was to encourage self-reliance among those on welfare, to reallocate scarce welfare resources to those most in need, and to discourage fraud. The major change made by this Act was the division of General Assistance recipients into two distinct groups: the Chronically Needy and the Transitionally Needy. The Chronically Needy are entitled to General Assistance cash benefits for as long as they fit the established criteria, while those classified as Transitionally Needy, those who are between the ages of 18 and 45 and considered able to work (able-bodied), are eligible for General Assistance cash benefits for ninety days in any twelve month period.

Purpose of the Study

The purpose of this study was to explore and describe the experiences of the Transitionally Needy after discontinuance of cash assistance. The research question was: As a result of the provisions of the Welfare Reform Act of 1982, what changes have

taken place in the finances, employment opportunities, and health of the Transitionally Needy in Philadelphia?

Results

1) Seventy-three percent of the persons in this population were single. Forty-three percent had less than a high school education. Most of the individuals were unskilled or semi-skilled.

2) Thirty-seven percent found some form of part-time or full-time employment, while 63% remained unemployed. However, as the number of quarters after termination of General Assistance benefits increased, so did the number of unemployed. By the end of the fourth quarter, only 2.7% were employed.

3) The jobs that were found were most often in the secondary labor market.

4) After discontinuance, participants used a variety of methods to support themselves. These included full-time or part-time employment, illegal activities and, reliance on family, friends and/or agencies.

5) Most maintained that their present situations were worse than prior to discontinuance.

Conclusion

Although the intent of the Welfare Reform Act is to diminish the welfare rolls, the final result may serve to increase the rate of poverty.

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Importance of the Topic

The New Poor Perspective

As Michael Harrington (1984) indicates, there are more unemployed because of the proliferation of industrial relocation or factory closings. Historically, this country's economic status was based on its prestigious first place ranking in such manufacturing industries as steel, automobiles and electronics. Today, the United States is only a shadow of what it once was. Economically, it has moved from an economy strong in manufacturing to a service economy. This service economy provides income at approximately one-third the salary of manufacturing and offers minimal medical benefits. Consequently, a segment of the American labor force is feeling the impact of high structural unemployment and/or diminished income and has become America's new poor. Most are unskilled and semi-skilled workers with limited opportunities to find other jobs (Harrington, 1984). As a result of these changes, some of the unemployed are becoming transient, some are choosing to work in service-related employment at reduced rates of pay, some remain unemployed, some have become discouraged and have abandoned looking for work, and some have become homeless. As a result of this economic change, more and more are finding it difficult to raise themselves out of poverty. Many of these new poor turn to welfare to assist them in a time of need.

The States' Perspective

State governments are finding it difficult to address poverty. Most states attack the problem through their welfare systems. However, during the last eight years and as a result of federal and state economic cutbacks influenced partly by a perceived need to reduce welfare spending, there has been a decreased willingness on the part of states to provide a uniform income floor for the poor. In addition, perceptions of who is truly needy have been influenced strongly by a philosophy that jobs are accessible and therefore the able-bodied need to work

and support themselves rather than relying on the largesse of the state... For the aged, the disabled, and the blind, Supplemental Security Income (SSI) provides a uniform base payment completely funded by the federal government, although some states supplement this amount. For parents with children, there is Aid to Families with Dependent Children. Funding is provided by federal and state contributions on a percentage formula basis, and therefore grant levels vary from state to state. In contrast, only certain states provide funding under their General Assistance or Home Relief category for single employable individuals, and there is no federal involvement.

The Influence of the Reagan Administration

The concern of the Reagan Administration has been that the amount of funds allocated for welfare programs has increased to the point where the system may be neither cost-effective nor actually helping those most in need (Sugarman et al., 1982). The Reagan Administration wanted a sharper line drawn between those who work and those who are on welfare, in the belief that this will encourage escape from dependence and will motivate the able-bodied poor to work their way out of poverty. It believes that since many jobs are advertised in the help-wanted sections of local newspapers, the able-bodied should be able to find them.

The primary means of welfare reform espoused by the Reagan Administration has been to increase the emphasis on the employability of welfare recipients through the development of a variety of programs. States have enforced stricter work requirements, such as Community Work Experience Programs which require that the client work for his or her welfare grant. If a client fails to comply with these work requirements, which could consist of participation in CWEP, job search, job readiness or job placement programs, his or her welfare cash grant may be discontinued or reduced. California, New York, Massachusetts, Maine, New Jersey, Michigan, and Illinois are some of the states implementing work

programs for employable welfare recipients (United States House of Representatives, Barriers to Self-Sufficiency for Single Female Heads of Families, 1985). One of the purposes of this emphasis on work program development has been to reallocate welfare resources to the most needy (Commonwealth of Pennsylvania, Status Report, 1982). Pennsylvania is one state that espouses this philosophy, and has taken a unique step in welfare reform for its General Assistance population.

The Development of the Pennsylvania

Welfare Reform Act

One purpose of welfare reform in Pennsylvania was to increase the amounts of the welfare grants received by ninety percent of the people on welfare, thus augmenting the inadequate level of support then being given to this group. This ninety percent would include the very old, the very young, the handicapped and the disabled. The remaining ten percent would be able-bodied single people with no dependents; those under General Assistance. Since the Governor felt that General Assistance encouraged dependence by providing an alternative to work without a work incentive, those individuals who were able to work would be taken off the cycle of welfare dependence and placed into the economic independence and dignity of jobs (Report to the State House on the Impact of Act 75, 1982). The Governor indicated that a labor market existed for the employment of General Assistance recipients who were considered able-bodied.

On March 23, 1981, House Bill 720 was introduced in the Commonwealth of Pennsylvania House of Representatives (Commonwealth of Pennsylvania, History of House Bills, 1982). This bill was influenced by the prevailing political atmosphere in the country created by the conservative Republican administration of President Ronald Reagan, which promulgated the belief that there was a need for welfare reform, and that welfare should be provided only for the truly needy (Commonwealth of Pennsylvania, Legislative Journal-1, 1982).

Specifically, the development of this bill in the Commonwealth of Pennsylvania was due to:

1) The view that welfare reform was necessary because of rampant fraud and abuse in the welfare system. State Representative Punt, speaking on House Bill 720 in the State House of Representatives, stated "we are taking care of the truly needy, of the poor. This is the vote to test if you are for welfare reform or not, to take the chiselers, the people from Alabama who come up and apply, take them off the rolls and put welfare into the perspective of what it should be" (Legislative Journal, Part 3, 1982).

2) It was the belief of some state legislators that an approach similar to that of the Reagan Administration was appropriate. Discussions in the Pennsylvania House of Representatives exhibited a strong Reagan influence. Representative Punt pointed out that welfare costs were extreme, and that only the truly needy should be on welfare (Legislative Journal, Part 3, 1982). Similar views were expressed in the State Senate. Senator Jubeliner stated, "Pennsylvania was now a haven for those who wanted to be on welfare, and where it was easy as could be to get on welfare (Legislative Journal, Senate, Part 1, 1982). Senator Snyder stated that "individuals who are discontinued from General Assistance could obtain jobs that were held by moonlighters who were using these jobs as second jobs (Legislative Journal, Senate, Part 1, 1982).

House Bill 720 was adopted in the House of Representatives by a vote of 116 to 71 and adopted in the Senate by a vote of 26 to 24. The Governor signed the bill into law on April 8, 1982 (Commonwealth of Pennsylvania, History of House Bills, 1983).

The purpose of this law was to encourage self-reliance among those on welfare, to reallocate scarce welfare resources to those most in need, and to discourage fraud (Commonwealth of Pennsylvania, Welfare Reform and Jobs Development, 1982). The major change made by this Act was the division of General Assistance recipients into two distinct groups: the Chronically Needy and the Transitionally Needy. The Chronically Needy are entitled to General Assistance cash benefits for as long as they fit the established criteria, while those classified as

Transitionally needy, those who are between the ages of 18 and 45 and considered able to work, are eligible for General Assistance cash benefits for ninety days in any twelve month period (Commonwealth of Pennsylvania, Status Report, 1982).

Purpose

Since the passage of the Welfare Reform Act, persons previously dependent upon General Assistance and considered employable have become ineligible for cash assistance for nine months out of every twelve. The purpose of this study was to explore and describe the experiences of the Transitionally Needy after discontinuance in terms of the changes that had taken place in their finances, employment and health after discontinuance of cash assistance.

The Sub Questions

The subquestions of the study were:

- 1) Who are the Transitionally Needy, in terms of race, age, sex, education and marital status?
- 2) What percentages of the Transitionally Needy remain employed and unemployed?
- 3) How long do the Transitionally Needy remain employed?
- 4) What changes have taken place in the financial status and the health of the Transitionally Needy after discontinuance of General Assistance?

The Phases of the Study

First Phase

This phase asked and answered the question, "Who are the Transitionally Needy?" The information obtained was based on demographic data and descriptive statistics.

The demographic data examined the following categories:

- 1) Race
- 2) Age
- 3) Sex
- 4) Education
- 5) Marital Status
- 6) Previous employment experience

These data were obtained from the Department of Public Welfare, and were contained in a characteristic study of General Assistance recipients in the Commonwealth of Pennsylvania and the City of Philadelphia. The populations consisted of approximately 23,000 Transitionally Needy persons in Pennsylvania and 9,000 in Philadelphia.

Second Phase

The data in the second phase answered the following question: "What percentage of the Transitionally Needy in Philadelphia remained unemployed, what percentage found employment, and how long did the Transitionally Needy remain employed after discontinuance of General Assistance?"

To answer this question, 113 names were randomly selected from the Philadelphia sample used in the first phase, and cross-matched by the Department of Welfare with job information from the Bureau of Employment Security. Social security numbers were used to identify those who were working. The name of the employer, length of period of employment, and wages were recorded in an automated form that listed each of the 113 names. The limitations of this portion of the study are that there may have been some forms of "underground" employment, or illegal activities that could not be listed by the Bureau of Employment Security since this type of activity is difficult to trace and verify. It is hoped that questions asked in the third phase of this study would determine whether any of the Transitionally Needy were making use of these types of support.

Third Phase

The questions studied in the third phase were:

- 1) What changes have taken place in the financial status and the health of the Transitionally Needy after discontinuance of General Assistance?

In the third phase, 113 discontinued Transitionally Needy were randomly selected by the Department of Public Welfare from the Philadelphia sample used in the first phase. For purposes of privacy and confidentiality, the Department of Public Welfare sent all 113 individuals an introductory letter and a consent form. The legal branch of the Department of Public Welfare, out of concern for protecting client confidentiality, contacted the administration of the Department of Public Welfare and stated that the author would be supplied with names and telephone numbers of clients only in cases where consent had been given directly to the Department by the client.

The consent form explained the purpose of the study, the procedures to be followed, the risks that were involved, an assurance of privacy and confidentiality for the participant, the fact that the individual could choose not to participate and that he or she could withdraw at any time. Due to a low response rate for this phase of the study, 35 additional individuals who were discontinued from General Assistance were interviewed. These participants were drawn from a population of individuals who had already become homeless and who were temporarily residing in shelters for the homeless in Philadelphia.

The interview schedule developed for this phase sought to determine:

- 1) If the participant had sought assistance from agencies after discontinuance.
- 2) If the participant's income had changed.
- 3) What health problems the participant may have had after discontinuance.

Results

First Phase

In the Philadelphia sample, 68% of the Transitionally Needy were male and 32% were female. When comparing the racial distributions of the Transitionally Needy in Philadelphia, 17% were White, 66% were Black, 9% were Hispanic, and 8% were Asian. Since minorities in urban areas, predominantly black males between the ages of 18 and 30, have the highest rates of unemployment (National Commission on Employment and Unemployment, 1984) the high percentage of minorities in Philadelphia raises a question about whether the goals of the Welfare Reform Act of 1982 are feasible, and whether it is realistic to anticipate that this population will be successful in finding jobs.

An examination of marital status indicated that approximately 81.4% were single. When considering education as an indicator for employment opportunities, it was revealed that over 46% had not graduated from high school.

Over 57% of the Transitionally Needy population was on General Assistance for less than one year, and 89% of this population had monthly grants of \$200 or less, which includes provisions for rent, food, and clothing. This is consistent with the average monthly amount of \$172 for a single General Assistance recipient throughout the Pennsylvania General Assistance program.

In summary, the conclusions that can be drawn from the data regarding the Transitionally Needy population in Philadelphia are that these individuals are predominantly Black, single men, who have high school education or less, and are under the age of 34.

Second Phase

This phase of the analysis will answer the questions: "What percentage of the Transitionally Needy in Philadelphia found employment, what percentage remained unemployed, and how long do the

Transitionally Needy remain employed after discontinuance of General Assistance?"

A random sample of 113 persons from the Philadelphia welfare population was chosen through the Department of Welfare. Wages were reported on a quarterly basis for all of the 113 individuals who were employed. Quarters of work were reported from the second quarter of 1983 until the second quarter of 1984. Initially, the total number employed for one quarter or more is somewhat impressive at 37.1% or 42 of the 113. However, as Table One points out, the total number of those employed decreased dramatically, and only 2.65% were employed 4 quarters or more.

Table One

Employment Periods for the Transitionally Needy

	(n)	(%)
1) Participants Employed One Quarter or More After Discontinuance of General Assistance.	42	37.1%
2) Participants Employed Two Quarters or More After Discontinuance of General Assistance.	26	23%
3) Participants Employed Three Quarters or More After Discontinuance of General Assistance.	17	15%
4) Participants Employed Four Quarters After Discontinuance of General Assistance.	3 42	2.65% 100%

Of the 113, 71 remained unemployed. This contradicts the premise that this population would be able to find a job.

To summarize, the percentage of employment of the 113 discontinued from General Assistance was 37%. However, this percentage decreased as working quarters increased. Only 3 of the original 42 were employed beyond four quarters. An important area for further research would be to determine what percentage of those who were no longer employed applied for General Assistance after their nine-month period of ineligibility expired. This would have

occurred at the beginning of the fourth working quarter.

The average number of quarters worked was 1.8. Based on the reported wages, 17 of the 42 were either employed part-time or only worked a portion of the quarter. This presumption is based on the lower wages reported in the wage statements. Additionally, of those who did work, 33 were still eligible for Food Stamps and/or Medical Assistance, which indicates that the income received from wages reported was not above the level of eligibility for assistance. Finally, 71 remained unemployed, which constituted 62.8% of this sample.

Third Phase

The question addressed is: What changes have taken place in the financial status and the health of the Transitionally Needy in Philadelphia since discontinuance?

The Limitations of this Data

Initially, it was expected that a sufficient response would be obtained from the 113 participants. However, the actual response rate was low. Consequently, an additional step was taken. This consisted of interviewing 35 Transitionally Needy individuals who were discontinued from General Assistance. Some of these individuals were part of the initial sample, and some were being serviced by private agencies.

Finances

The question concerning finances was: "How has your income changed since you were discontinued from welfare?" Of the 35 interviewed, 32 indicated that they had less income now than when they were on welfare. Two stated that their incomes had remained the same, while one stated that he had more income. Of nine interviewed from the original 113, seven indicated that their incomes were smaller, one stated that he had the same amount of income, and one that his income had increased. Concerning the subjects' coping strategies in the face of decreased income, several of the Transitionally Needy stated that they

had coped with income losses by one of four means since being discontinued. These consisted of hustling, reliance on family and friends, using other agencies, obtaining part-time employment and experiencing homelessness.

Comments illustrative of coping styles of some of the participants concerning their financial status were:

"You do odds and ends, but it doesn't make it."

"I find iron, and there are places to sell pig iron."

"I panhandle a lot. Sometimes I draw monograms and sell them at the bus depot and at the Thirtieth Street railway station."

"I sell my blood. You can do this a lot. They feed you in these shelters so you eat a lot to build up your energy. At \$10.00 a pop, it's something."

Health

Some of the Transitionally Needy commented that they could not get their prescriptions filled, since under Medically Needy status they were not entitled to free prescriptions. After discontinuance of General Assistance, the Transitionally Needy are considered Medically Needy, but not Categorically Needy. Medically Needy status does not provide the benefits of Categorically Needy status.

When asked if they had health problems, 15 of the 35 indicated that they had no health problems, while 14 commented that health problems were the least of their worries, and that they had not been checked by a doctor and really did not know. Six stated that they had health problems that consisted of asthma, back problems, colds, epilepsy and injuries sustained while in the military. Of the nine interviewed from the original 113, four indicated that they were concerned about medical coverage since they did not receive coverage in their present jobs. Three stated they had no coverage but they had other concerns to worry about, and two

indicated that they received medical coverage under Medically Needy status and were not concerned.

Summary

In summary, the conclusions that can be drawn from the data regarding the Transitionally Needy population in Philadelphia are:

- 1) The individuals are predominantly Black, single men, who are high school graduates or less, and under the age of 34.
- 2) The employment of this group was mostly part-time, erratic, and short-lived. For the most part, these individuals were semi-skilled and unskilled.
- 3) Although the initial statements made by those interviewed indicated that no severe health problems existed, initial observations do provide evidence of some long-term problems. For example, the effects of discontinue may serve to exacerbate mental illness for a segment of this population. These conditions, accompanied by exposure caused by homelessness due to a lack of finances, may place some at a higher risk of physical illness.

Discussion

There is evidence that the Welfare Reform Act of 1992 may not be as effective as its proponents had initially anticipated. This act may be unrealistic in its projected employment opportunities for this population. Consequently, to use discontinue as a motivating force for those classified as employable and who may be deemed as lazy and chronic welfare abusers is of questionable validity, since the latter group appears to be a small percentage of the welfare population.

Some General Assistance recipients possess a multitude of individual needs that must be met in order to improve their chances for employment. These individual needs may consist of job training, work experience and more comprehensive mental health services. Additionally, clients who have become homeless face special dilemmas with respect to

employment. Being on the street, lacking a home address a phone number, and money for transportation makes looking for work a discouraging and often hopeless experience.

Based on the information compiled in this study, it appears that the Welfare Reform Act of 1982 serves to place additional obstacles before individuals who, although ostensibly employable, already face hardships that so limit their ability to seek and find jobs that added supports are needed to assist them. Although it appears that there are some who need outside motivation in order to achieve independence, it seems that the measures of the Welfare Reform Act of 1982 are too extreme, since the implications of its long-term effects may serve to create more complex social welfare problems and contribute to an increase in the rate of poverty.

Implications for Social Work

In cases when the full toll of unemployment has been exacted, its effects may be irreversible. However, for many unemployed persons, social problems may significantly diminish when a job is acquired. Were social workers to attend to the economic and non-economic benefits of work, it is possible that they would be increasingly concerned with assisting clients in securing employment. Social workers should have a knowledge about the theories of employment and unemployment and be familiar with their implications on the social and psychological development of their clients.

Schools of social work should develop and strengthen curricula in the area of employment policy and its effect on the mental and physical health of the unemployed. Additionally, principles of case management should be taught in conjunction with vocational counseling theories.

Social workers in their administrative roles should be the first to focus public attention on the human costs of unemployment and to speak out as representatives of the profession about unemployment problems. The social work profession must reaffirm the concern about unemployment that was preeminent in its earlier tradition.

During the development of Social Security, the social work profession played a major role in the

creation of welfare policy. However, due to the effects of civil service reclassification and separation of services in the early Seventies, there are fewer social workers in local, state, and federal government now than in the past. Consequently, the profession should review its position in government in order to remain an important force in welfare policy. Perhaps if this had been the case, the Welfare Reform Act of 1982 would have been developed in such a manner that it improved employment opportunities for a segment of its employable population instead of simply discontinuing them after 90 days.

When developing employment policy for the disadvantaged, states should consider Pennsylvania's experiences. By decreasing the welfare rate, states may be increasing their poverty rate and ultimately decreasing their economic stability.